

Rcvd 3/14/08

Hilcorp Energy Company
March 11, 2008

Post Office Box 61229
Houston, TX 77208-1229

CERTIFIED MAIL 70051160000014766451

1201 Louisiana
Suite 1400
Houston, TX 77002

Phone: 713/209-2400
Fax: 713/209-2478

Mr. Bryant Smalley
Superfund Division (6SF-PC)
U.S. EPA Region 6
1445 Ross Avenue
Dallas, Texas 75202-2733



Dear Mr. Smalley,

**SUBJECT: CLEAN WATER ACT, SECTION 308 INFORMATION REQUEST- OIL
RELEASE IN TERREBONNE PARISH, LA - 10/31/07**

Hilcorp Energy Company is writing this letter in response to your request for information on an oil release that occurred at one of its oil and gas fields in Terrebonne Parish, Louisiana. The spill occurred on an injection line associated with Hilcorp's Dog Lake Oil and Gas Field. The Dog Lake field consists of three (3) different facilities and approximately eight (8) active wells. The spill was reported to the National Response Center (Report #853165), LA State Police (Report #07-06630) and LA Department of Environmental Quality. The requested information follows here.

1. Please find attached for your review a copy of the incident report letter submitted to the LA Department of Environmental Quality. The immediate body of water affected was Hackberry Lake.
2. The amount of product spilled was estimated to be less than one gallon of oil.
3. The spill was discovered at approximately 9:00 AM on October 31, 2007. Hilcorp personnel immediately clamped the line and made the proper notifications. The impacted area was estimated to be 5' x 10' immediately surrounding the source of the leak. Hilcorp personnel were in charge of all recovery efforts. Recovery procedures included deploying absorbent boom and pads around the source of the release. All free product was recovered. Total clean-up consisted of one day.
4. The leak was caused by the well's cribbing grate wearing a hole in the exterior of the injection line.
5. The affected water body where the release occurred is Hackberry Lake. Hackberry Lake flows south into Bayou Grand Caillou. Bayou Grand Caillou is a total of 21 miles long and eventually empties into the Gulf of Mexico
6. See attached map.
7. See attached.
8. See attached.
9. See attached pictures. Post-cleanup pictures or current site conditions not available at this time.


9527311



March 11, 2008

10. Although no fines and/or penalties were issued as a result of this incident; the United States Coast Guard did issue a warning to Hilcorp. Cleanup operations have been completed. No significant damage or lasting impacts to the environment was noted as a result of this spill. If you need any further information, please do not hesitate to contact me directly. Thank you for your understanding and cooperation in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Cory Johnson', with a large, stylized loop at the end.

Cory Johnson
Environmental Coordinator
Hilcorp Energy Company

cc: File

Hilcorp Energy Company

November 1, 2007

CERTIFIED MAIL 70070710000490140936

Louisiana Department of Environmental Quality
P.O. Box 4312
Baton Rouge, La 70821-4312

Post Office Box 61229
Houston, TX 77208-1229

1201 Louisiana
Suite 1400
Houston, TX 77002

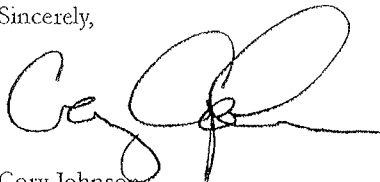
Phone: 713/209-2400
Fax: 713/209-2478

Dear Louisiana Department of Environmental Quality,

SUBJECT: DOG LAKE INJECTION LINE RELEASE, TERREBONNE, PARISH, LA

Hilcorp Energy Company is writing this letter as a formal follow up on a release that occurred at its Dog Lake Oil and Gas Field in Terrebonne Parish. On October 31, 2007, at approximately 9:00 a.m., a small oil release was discovered. The release was discovered on an injection line associated with the Dog Lake Well #105. The release was due to the well's cribbing grate wearing a hole in the associated injection line. The release caused a sheen 5' x 10'. Hilcorp immediately clamped the line and began clean-up activities. Oil Mop Inc., was contracted to aid in recovery efforts. Recovery efforts consisted of deploying absorbent boom and pads within the affected area. All free product was recovered. It is estimated that one gallon (1 gal) of oil was released from the injection line. No land mass or shoreline was impacted as result of the spill. No injuries or harm was noted to humans or wildlife. The State Police and LADEQ were notified at 9:43 a.m. and issued incident number #07-06630. The National Response Center was notified at 9:39 a.m. and assigned incident #853165, and the United States Coast Guard - Houma was notified as a precautionary measure. If you have any questions or need any further information, please do not hesitate to contact me directly. Thank you for your time and understanding in this matter.

Sincerely,



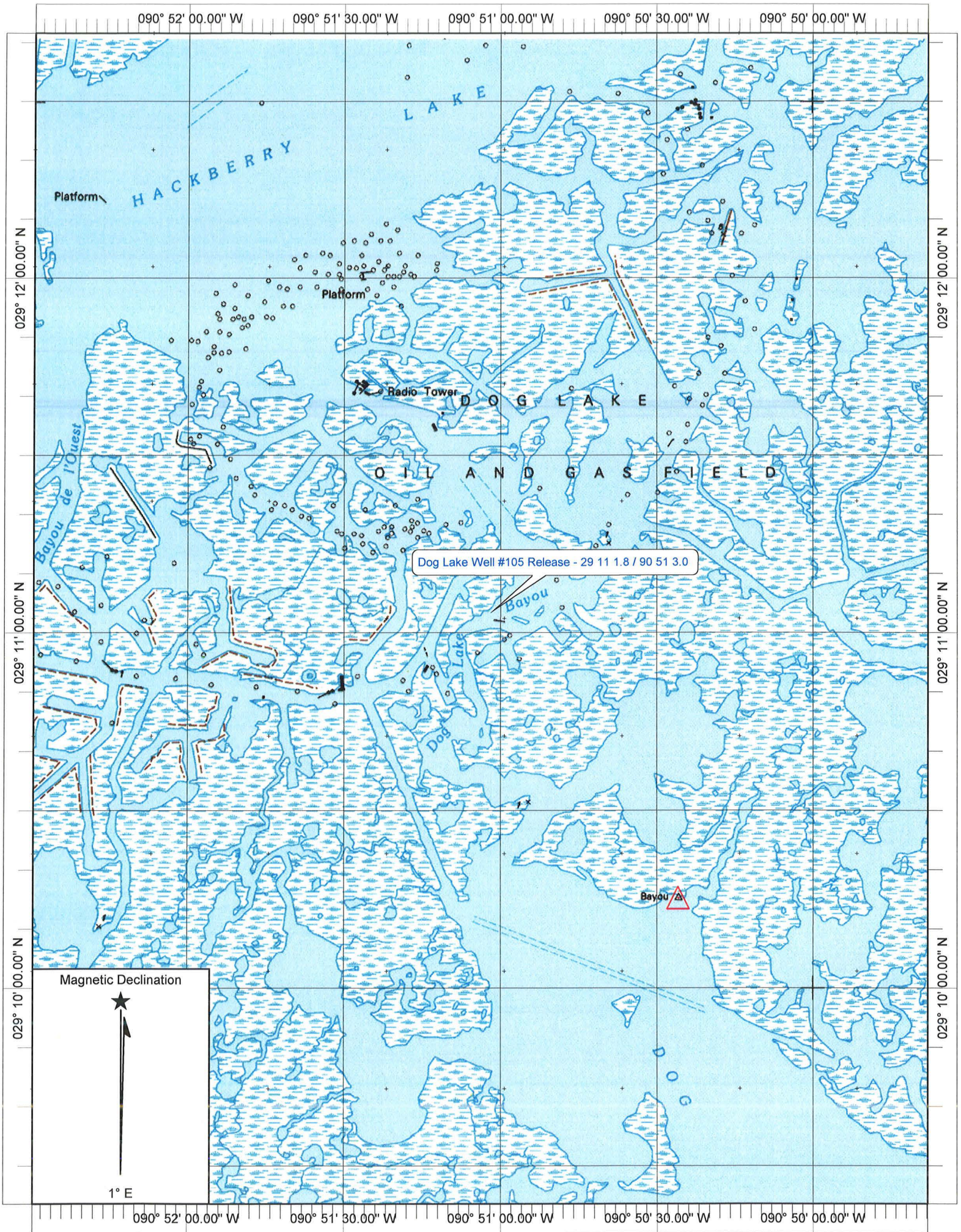
Cory Johnson
Environmental Coordinator
Hilcorp Energy Company

cc: Louisiana State Police
Right to Know/Emergency Response Commission
Tess Mail Slip #21
P.O. Box 66614
Baton Rouge, LA 70896-6614

United State Coast Guard
MSU - Houma
425 Lafayette Street, Room #204
Houma, La 70360-4805

Greg Lalicker
Max Weaver
Corey Suire
Jill Goss
Gene Cambell
File

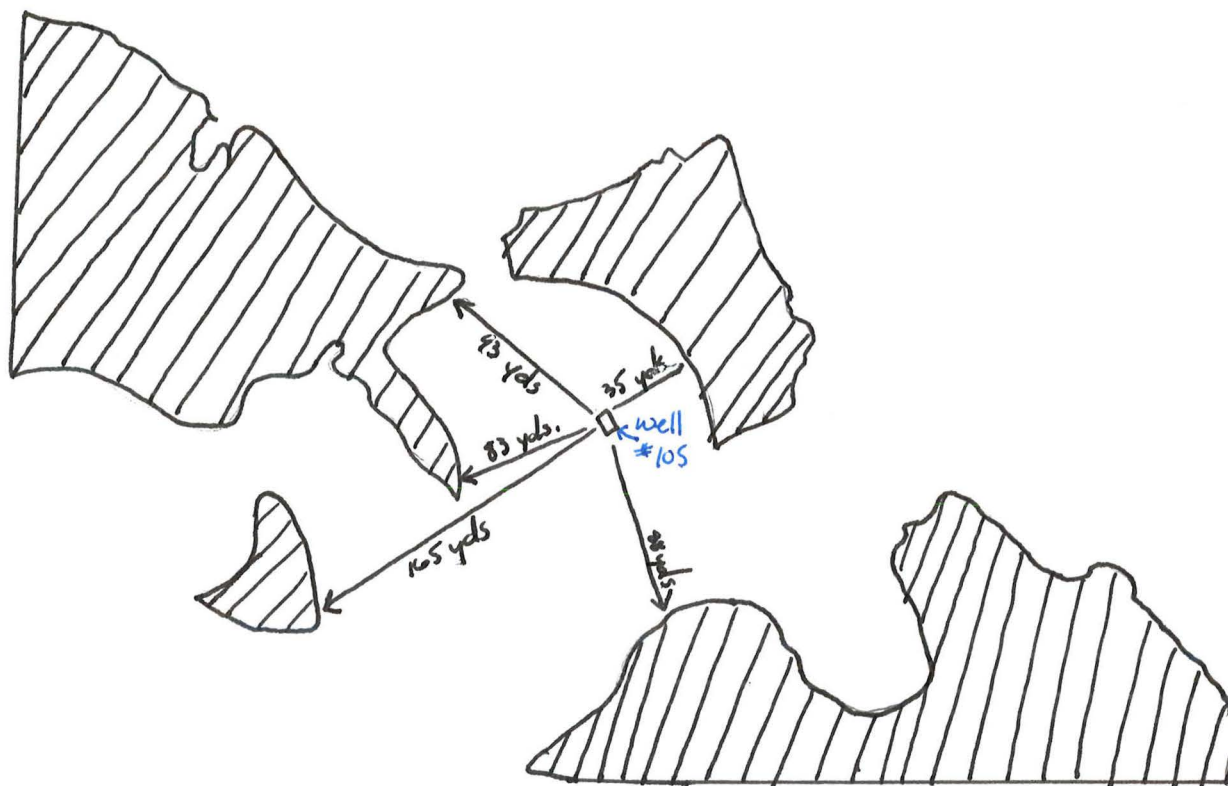




Dog Lake Well #105 - Spill Sketch

10/31/07

- Release caused sheen 5' x 10' around well. Deployed boom around well.
- All product was recovered



**WARNING OF VIOLATION**Date and time of violation: 31 OCTOBER 07/ 0900NRC case # 853165**Discharge Violation**

Location of Violation	Waterbody	Latitude	Longitude	City	State
Well 105	Dog Lake	29 11 1.80	90 51 3.0	Houma	LA
Party in Violation					
Name	Title	Vessel		Flag	
HILCORP ENERGY	Owner	Vin		Service	
Mailing Address:	Facility	WELL 105			
1201 LOUISIANA SUITE 1400	Fin				
HOUSTON, TX 77002					
Telephone	985-759-8846	IPN		MMD/LIC	

☒ OWNER, ☐ OPERATOR OR ☐ PERSON IN CHARGE WAS FOUND IN VIOLATION OF**REGULATION**

33 USC 1321 (B) (3)

NATURE OF VIOLATION

Discharge of oil

PROPOSED PENALTY**WARNING**

I observed a\ ☒ sheen ☐ sludge on ☒ a navigable water of the U.S.
It was reported a\ ☐ film ☐ emulsion ☐ an adjoining shoreline

Violation resulted from a discharge from a: Violation in the past 12 months? Volume 1.0 Gallon.
☒ Commercial ☐ vessel ☐ yes
☐ Non-commercial ☒ facility ☒ no

A maximum administrative civil penalty of \$12,500 for each violation is provided by 33 USC 1321.

In consideration of the nature of this violation and the absence of prior similar violations on your part, we are issuing this Letter of Warning to you rather than initiating civil penalty action. We do not intend to pursue this matter further. However, we urge your cooperation in preventing repetition of such occurrences.

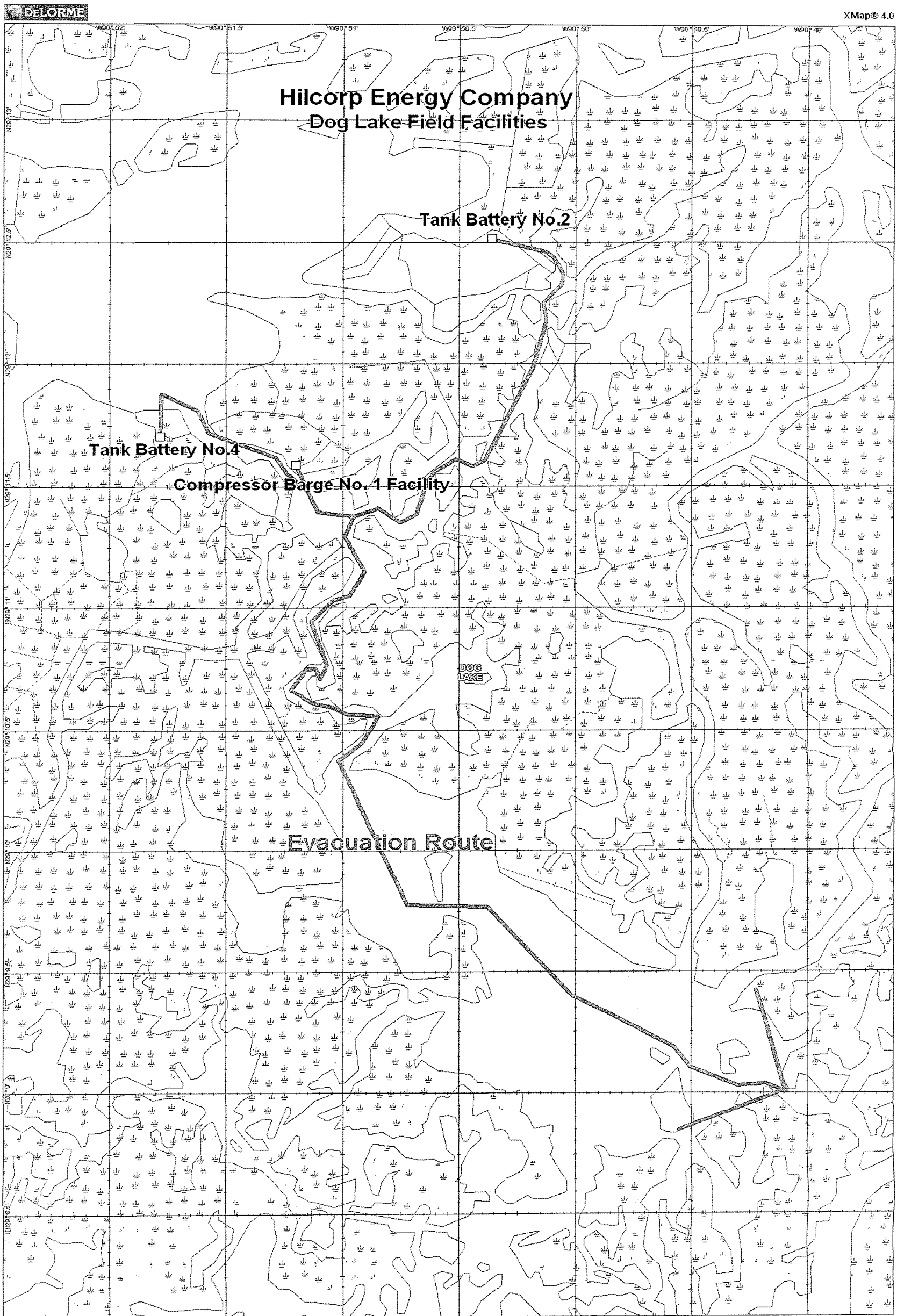
Unless you contest this letter, we will assume that you do not deny the alleged violation or your responsibility for it. In this event the Coast Guard will maintain a record of this letter and the violation. This record will be considered in the event that future violations occur.

If you contest this letter in writing within thirty days, we may withdraw it. If, upon review of any new evidence that you may submit, we still believe that the violation occurred and that you are responsible for it, we will forward a violation report to Commander, Eighth Coast Guard District for appropriate action. Such action, after you have been afforded the opportunity to present further evidence, may include dismissal, a Letter of Warning, or assessment of a civil penalty. If no response to this letter is received within thirty days of this date, we will assume that you do not wish to contest it.

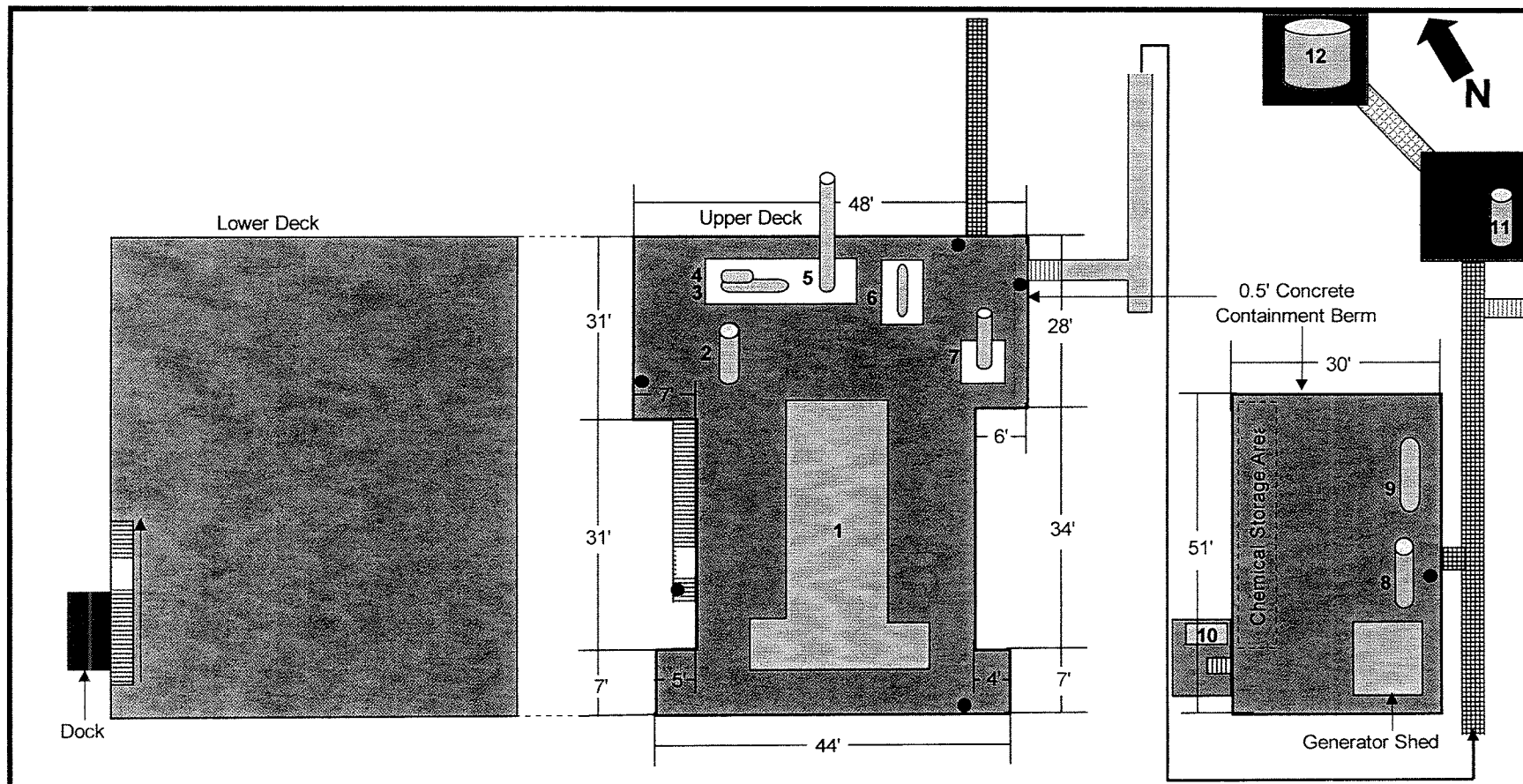
Incident Description

On 31OCT07 USCG MSU Houma received a report of a discharge of crude oil from HILLCORP ENERGY. Mr. Cory Suire, the reporting party, stated that approximately 1 gallon of crude oil, which caused a sheen, was discharged into Dog Lake, a U.S. navigable waterway.

Issued by:	<i>Julie H. Reed</i>	Date/Time:	<i>11/5/07</i>	<i>1235</i>
Received by:	<i>Issued By Mail</i>	Position:	<i>—</i>	Date: <i>—</i>



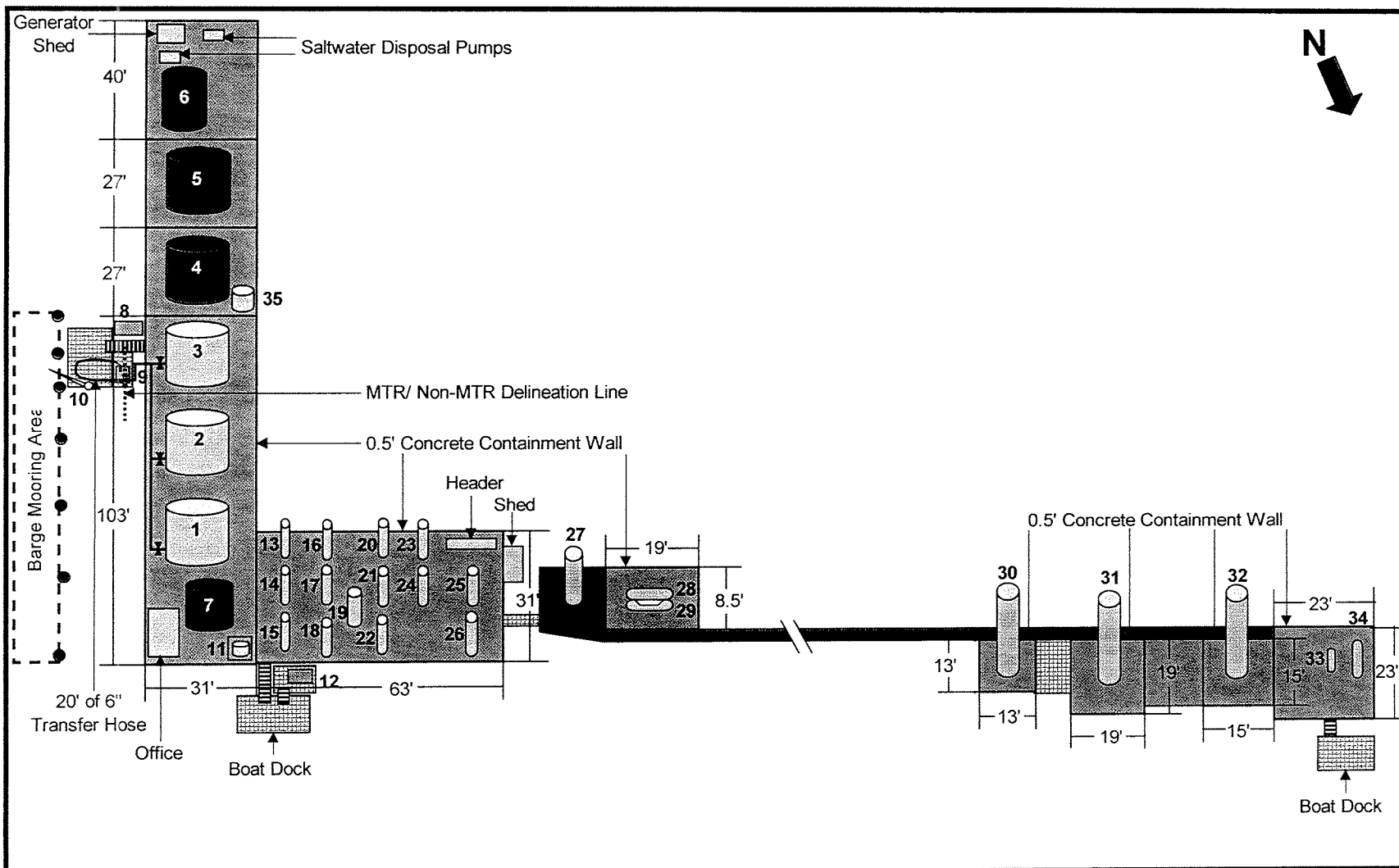
Hilcorp Energy Company
Dog Lake Field Facilities
 Terrebonne Parish, Louisiana
 Topographic Image Evacuation Route Map



Lat 29° 11' 35.0"N
 Long 90° 51' 12.0"W
 ● Emergency Shut Down Device
 ● Fire Extinguisher

Hilcorp Energy Company
 Dog Lake Field
 Compressor Barge No.1 Facility
 Terrebonne Parish, Louisiana

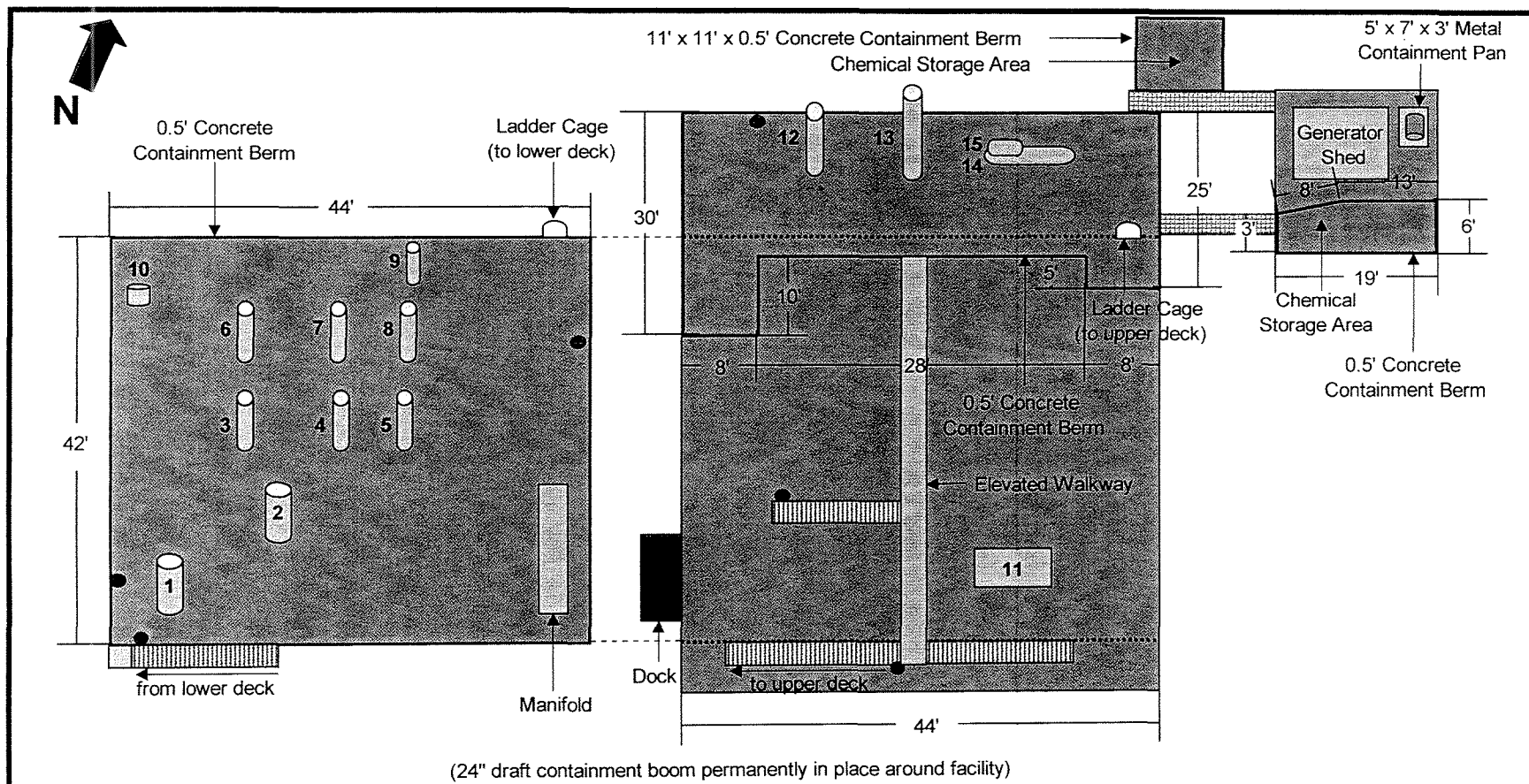
Date Prepared: May 16, 2005



Lat 29° 12' 30.7"N
Long 90° 50' 21.6"W

Hilcorp Energy Company
Dog Lake Field
Tank Battery No. 2
Terrebonne Parish, Louisiana

Date Prepared: May 16, 2005



Lat 29° 11' 42.0"N

Long 90° 51' 46.8"W

- Emergency Shut Down Device
- Fire Extinguisher

Hilcorp Energy Company
Dog Lake Field
Tank Battery No.4
Terrebonne Parish, Louisiana

Date Prepared: May 16, 2005